

## FARNBOROUGH/ ALDERSHOT/ FLEET – HOTEL PERFORMANCE 2006-2007\*

### 3 Star Hotels

#### Occupancy and Achieved Room Rates

- Average annual room occupancies for Farnborough/Aldershot/Fleet 3 star hotels are estimated as follows for 2006 and 2007:

**Farnborough/Aldershot/ Fleet 3 Star Hotels<sup>1</sup>**  
**Average Annual Room Occupancy and Achieved Room Rates 2006-2007**

	<b>Average Annual Room Occupancy %</b>	<b>Average Annual Achieved Room Rate £</b>
2006	69.5	81.17
2007	69.5	81.59

Note:

1. Sample: Holiday Inn, Potters International, Lismoyne, Falcon

- Farnborough/Aldershot/ Fleet 3 star hotels achieved occupancies slightly above the county 3 star average in 2006 and 2007. Occupancies varied significantly between hotels however, with one hotel achieving high occupancies and two achieving comparatively low occupancies, well below the county 3 star average.
- Achieved room rates for Farnborough/Aldershot/Fleet 3 star hotels were very high in 2006 and 2007 – well above the county 4 star average and national provincial 3/4 star chain hotel average. Farnborough/ Aldershot/ Fleet 3 star hotels achieve some of the highest average room rates in the county. This is due to the strength of corporate demand in this area and the high corporate rates that hotels can achieve here.
- Occupancies have increased slightly since 2004, while achieved room rates have increased substantially.

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\* Source: Hampshire Hotel Trends Survey 2006-2007, Hotel Solutions, April 2008

## **Weekday/ Weekend Occupancies and Seasonality**

- Farnborough/Aldershot/Fleet 3 star hotels achieve very high weekday occupancies – typically running at 90-100% throughout the year. All hotels consistently fill on Tuesday and Wednesday nights. Some hotels also regularly fill on Monday nights. Thursday nights are a little quieter although hotels in the area still achieve high occupancies on this night. Weekday occupancies dip during the school holiday periods.
- Weekend occupancies are very low – typically around 30%, although one hotel appears to be achieving higher weekend occupancies of around 50%. One hotel is virtually always empty at weekends. Saturday occupancies are stronger for two hotels as a result of weddings business and leisure break business driven through special offer rates. Friday and Sunday occupancies are very low – typically 20-25%.

## **Market Mix**

- The market mix for Farnborough/ Aldershot/ Fleet 3 star hotels is heavily biased towards business demand – accounting for 77% of roomnight demand overall. For two hotels business demand accounts for 90-95% of their bedroom business.
- The corporate market is the primary source of business demand – accounting for 90-95% of business roomnights. The corporate market is the primary source of business demand – accounting for 90-95% of business roomnights. Corporate demand is clearly very strong in Rushmoor, with a significant number of major companies based in the Borough and adjoining parts of the Blackwater Valley, including QinetiQ, BAE Systems, CSC, Nokia and IBM in Rushmoor, Johnson Wax, Eli Lilly and Novartis in Surrey Heath and the Royal Military Academy at Sandhurst.
- Residential conferences are a minor business market for the area's 3 star hotels, accounting for no more than 5-10% of business roomnights for hotels.
- Weddings and functions are the main leisure market for Farnborough/ Aldershot/ Fleet 3 star hotels
- Two hotels attract some leisure break business through Internet offers.
- One hotel attracts some business from coach groups. This is very low-rated business.
- Farnborough/ Aldershot/ Fleet 3 star hotels do not attract overseas leisure tourists.
- The Farnborough Air Show provides a significant boost to Farnborough/ Aldershot/ Fleet hotels every other year.
- The World Darts and Shadowmania at the Lakeside complex in Frimley Green generate business for some of the area's hotels.

## **Market Trends**

- The corporate market has clearly grown strongly in recent years. This growth in corporate demand has enabled hotels in the area to significantly increase their corporate rates. This has been the key factor behind the strong growth in achieved room rates for the area's 3 star hotels.
- Two hotels appear to have successfully developed leisure break business through the promotion of special offer leisure break rates through the Internet. This has been a key change since the 2003-2004 survey.
- Two hotels reported a decline in weddings business.

## **Denied Business**

- All Farnborough/ Aldershot/ Fleet 3 star hotels regularly deny business on Monday, Tuesday and Wednesday nights – typically up to 20-40 rooms per night. One hotel reported that it could easily fill again most Tuesday and Wednesday nights. Some hotels also regularly deny business on Thursday nights, although to a lesser extent than on other weekday nights. Weekday denials appear to have increased significantly since the 2003-2004 survey.
- Farnborough/ Aldershot/ Fleet 3 star hotels rarely deny business at weekends.

## **Prospects for 2008**

- Farnborough/ Aldershot/ Fleet 3 star hotels generally expect to increase their occupancies and achieved room rates in 2008 primarily as a result of Farnborough Air Show. They are however concerned about the impact that the new hotels in Farnborough will have on their performance in the second half of the year and into 2009.

## Longer Term Prospects

- There are good prospects for further significant growth in the corporate market for hotel accommodation in the Farnborough/Aldershot/Fleet area given the planned development of offices and business parks in the area including:
  - The development of the IQ Farnborough business park;
  - The further development of the AeroPark by Terrace Hill.
  - Office development in Farnborough town centre;
  - Office development in Aldershot as part of the Westgate development;
  - The intensification of other employment sites.

With a focus on attracting knowledge-based and high tech industries, demand should increase significantly from the corporate market.

- The planned development of the Aldershot Super Garrison is likely to generate increased demand for hotel accommodation related to the MOD.
- New 3 and 4 star hotels could attract additional residential conference business, depending on their brand strength in this market and the extent of their conference and meeting facilities.
- Exhibitions and conferences at the FIVE venue may generate additional midweek business for hotels in the Borough.
- In terms of weekend demand, there should be growth in the weddings and functions market as the area's population increases. New 3 and 4 star hotels with leisure facilities may be able to drive leisure break business through corporate leisure break marketing campaigns depending on their brand strength in this market. Weekend events at the FIVE venue may generate new weekend business for hotels.
- The GB Olympic team's training base in Aldershot could generate increased demand for hotel accommodation in the area in the run up to 2012.

## Budget Hotels

### Occupancy

- Average annual room occupancies for Farnborough/ Aldershot/ Fleet budget hotels are estimated as follows for 2006 and 2007:

#### Farnborough/ Aldershot/ Fleet Budget Hotels<sup>1</sup> Average Annual Room Occupancy 2006-2007

	Average Annual Room Occupancy %
2006	86
2007	83

Note:

1. Sample: Premier Inn Farnborough, Premier Inn Aldershot, Innkeeper's Lodge Fleet, Days Inn Fleet

- Budget hotel occupancies are very high in the Farnborough/ Aldershot/Fleet area. They are not quite as strong for one budget hotel in Fleet due to lower weekend occupancies.
- Budget hotel occupancies fluctuate biannually as a result of the Farnborough Air Show.
- Budget hotel occupancies have remained very high in Farnborough and Aldershot since 2004 and have increased in Fleet.

### Weekday/ Weekend Occupancies and Seasonality

- Farnborough/ Aldershot/ Fleet budget hotels consistently achieve very high weekday occupancies. Three hotels consistently fill from Monday to Thursday throughout the year. One hotel fills on Monday to Wednesday nights and achieves occupancies of 75-80% on Thursday nights.
- Saturday occupancies are generally strong, with three budget hotels consistently filling on Saturday nights for most of the year.
- Friday occupancies are more seasonal. Budget hotels in the area generally fill on Friday nights during the summer. Friday occupancies drop to around 50-60% in the winter.
- Sunday occupancies are typically running at around 50%.
- One budget hotel in Fleet achieves relatively low weekend occupancies.

### Market Mix

- The market mix for Farnborough/ Aldershot/ Fleet budget hotels is strongly biased towards business demand – accounting for 66-75% of business for budget hotels in the area.

- Business demand is a mix of corporate and contractor business. One budget hotel also caters for aircrew from Farnborough Airport.
- People attending weddings and other family gatherings, or visiting friends and relatives in the area are the key leisure markets. People visiting soldiers at the army barracks are a key market in Aldershot.
- Only one budget hotel reported attracting a small amount of leisure break business.
- Farnborough/ Aldershot/ Fleet budget hotels do not attract overseas leisure tourists.
- Farnborough Air Show generates significant business for budget hotels in the area every other year, before, during and after the event.
- A number of sporting events generate business for Farnborough/ Aldershot/ Fleet budget hotels. These include the World Professional Darts at the Lakeside complex in Frimley Green, gymnastics and swimming competitions at Aldershot Garrison and Guildford Spectrum and tennis championships at the Aldershot Tennis Centre.

### **Market Trends**

- The corporate market for budget hotels in the Farnborough/ Aldershot/ Fleet area has increased in the last 3 years.
- Compared to the 2003-2004 survey, leisure demand appears to have increased for most of the area's budget hotels.

### **Denied Business**

- Farnborough/ Aldershot/Fleet budget hotels regularly deny significant levels of business during the week.
- Most budget hotels in the area also consistently deny significant business on Saturday nights, particularly during the summer.

### **Prospects for 2008**

- Farnborough/ Aldershot/ Fleet budget hotels expect to see an increase in their occupancy levels in 2008, due to Farnborough Air Show.

## Longer Term Prospects

- The anticipated growth in the corporate market in Farnborough and Aldershot should result in increased midweek demand for budget hotel accommodation. There is also likely to be strong growth in demand from the contractors market, given the level of construction work that will be happening in the area.
- At weekends there is likely to be growth in demand for budget hotel accommodation from the visiting friends and relatives and weddings and functions markets as the area's population grows.

## HOTEL DEVELOPMENT OPPORTUNITIES

Standard/ Type of hotel that could be developed	Commentary
3/4 star	<ul style="list-style-type: none"> <li>▪ Potential for new 3/4 star hotels</li> <li>▪ Significant midweek denials + high achieved room rates</li> <li>▪ Further growth in corporate demand as the Farnborough Business park develops</li> <li>▪ Aviator opened in 2008 + Village opens in 2009</li> <li>▪ The potential for further 3/4 star hotels beyond these two new hotels will depend on the scale of further growth in corporate demand in the area</li> </ul>
3/4 star – expansion of existing hotels	<ul style="list-style-type: none"> <li>▪ Possible scope for the expansion of existing 3 star hotels</li> <li>▪ Potters International is looking to extend</li> </ul>
Budget Upper-tier Budget	<ul style="list-style-type: none"> <li>▪ Potential for new budget/upper-tier budget hotels</li> <li>▪ Very high budget hotel occupancies and significant weekday and weekend denials</li> <li>▪ Travelodges planned for Farnborough and Aldershot</li> </ul>
Serviced apartments	<ul style="list-style-type: none"> <li>▪ Possible scope for serviced apartments (purpose built or residential apartments let as serviced apartments)</li> </ul>